

Message Text

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ACTION XMB-04

INFO OCT-01 EUR-12 EA-06 ISO-00 TRSE-00 OMB-01 OC-01

CCO-00 CIAE-00 OTPE-00 EB-07 FCC-01 INR-05 NSAE-00

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R 241358Z DEC 74

FM AMCONSUL ANTWERP

TO SECSTATE WASHDC 997

INFO AMEMBASSY JAKARTA

AMEMBASSY BRUSSELS

AMEMBASSY BONN

AMEMBASSY THE HAGUE

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E.O. 11652: NA

TAGS: ETEL, BTIO, ID, BE, NL

SUBJECT: INDONESIAN DOMESTIC SATELLITE COMMUNICATION SYSTEM

REF: JAKARTA 14512

1. ON DECEMBER 23 I HAD A LENGTHY DISCUSSION OF INDONESIAN DOMESTIC SATELLITE PROJECT WITH FRANK PEPELMANS, PRESIDENT AND MANAGING DIRECTOR OF BELL TELEPHONE MFG CO, WHICH IS ITT'S SUB-SIDAIRY IN BELGIUM. OTHER OFFICIALS REPRESENTING BELL'S INTEREST IN THIS PROJECT WERE ALSO PRESENT.

2. ACCORDING TO PEPELMANS, PERUMTEL IS LOOKING BEYOND SIEMENS FOR SUPPLIERS OF SWITCHING EQUIPMENT FOR THE FOLLOWING REASONS:

(A) ALTHOUGH SIEMENS AND PERUMTEL SIGNED CONTRACT LAST AUGUST COVERING 241,100 LINES IN JAPARTA-JAVA, THIS WAS CONTIN- GENT UPON SIEMENS SECURING ADEQUATE FINANCING FOR PROJECT. SIEMENS HAS HAD DIFFICULTY IN ARRANGING FINANCING DUE TO BANKRUPTCY OF SEVERAL GERMAN BANKS, EXTENSIVE FINANCIAL COMMITMENTS TO ITALY BY GERMAN GOVT, AND A CURREMT POLICY OF GERMAN GOVT TO PLACE

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LESS EMPHASIS ON EXPORTS IN ORDER TO CURB INFLATION;

(B) GERMANY IS NEGOTIATING WITH IRAN FOR A SIMILAR CONTRACT WHICH WOULD INVOLVE A PROJECT FOUR OR FIVE TIMES THE SIZE OF THE ONE IN INDONESIA.

3. PERUMTEL HAS ALLEGEDLY MADE A THOROUGH STUDY OF PHILIPS PRX-205 SYSTEM AND BELL MC10C SYSTEM (DEVELOPED BY BELL ENGINEERS AND CLAIMED BY PEPEMANS TO BE A MORE ADVANCED SYSTEM). IN THIS CONNECTION BELL'S MARKETING MANAGER FOR SWITCHING EXPORTS VISITED INDONESIA RECENTLY, AND GENERAL SOUHARDTONO, HEAD OF PERUMTEL, WAS IN BELGIUM LAST WEEK AND HAD EXTENSIVE CONVERSATIONS WITH PEPEMANS AND OTHER BELL OFFICIALS.

4. PEPEMANS STATED THAT BOTH PHILIPS AND BELL HAVE SUBMITTED FORMAL PROPOSALS, AND HE EXPECTS A DECISION IN PRINCIPLE TO BE TAKEN BY INDONESIAN GOVT BEFORE END OF DECEMBER, FOLLOWED BY DETAILED DISCUSSIONS AND NEGOTIATIONS IN JANUARY. BELL HAS ALREADY ARRANGED ADEQUATE FINANCING.

5. PEPEMANS BELIEVES THAT SINCE INDONESIA WISHES TO PROCEED PROMPTLY WITH IMPLEMENTATION OF THIS PROJECT THE CONTRACTS COVERING SWITCHING EQUIPMENT WILL PROBABLY BE SPLIT BETWEEN BELL AND PHILIPS.

6. ACCORDING TO PEPEMANS SWITCHING EQUIPMENT CONTRACTS WILL COVER EXPANSION PROGRAM FOR JAKARTA AND JAVA, AND FOR THE OTHER ISLANDS PERUMTEL INTENDS TO STANDARDIZE ON THE BELL CROSS BAR SYSTEM KNOWN AS PENTACONTA; DISCUSSIONS CONCERNING THE LATTER SYSTEM ARE EXPECTED TO BEGIN BY THE END OF 1975.

COMMENT: PEPEMANS TOLD ME BELL WAS GIVEN CONTACT FOR INSTALLATION, NOW IN PROGRESS, OF MODERN EXCHANGE SYSTEM IN AUSTRALIA SOLELY AS RESULT OF THROUGH TECHNICAL STUDY MADE BY AUSTRALIANS ENGINEERS OF ALL EXISTING SYSTEMS. HE BELIEVES THIS WILL BE AN IMPORTANT FACTOR IN THE AWARDING OF ANY INDONESIAN CONTRACTS TO BELL. IN ANY EVENT, HE AND BELL OFFICIALS GAVE ME THE IMPRESSION THAT THEY ARE CONFIDENT BELL WILL OBTAIN A CONTRACT COVERING AT LEAST HALF OF SWITCHING EQUIPMENT REQUIRED FOR PERUMTEL'S EXPANSION PROGRAM FOR JAKARTA-JAVA AS A RESULT OF INDONESIAN DECISION WHICH HE EXPECTS WITHIN NEXT FEW

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DAYS.FISHER

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Message Attributes

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